

1/31009/2024



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

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Abstract

Purchase order for the supply of ACSR Raccoon and Rabbit Conductors - Releasing of Permanent Security Deposit furnished by the local MSMEs - Sanctioned - Orders issued.

Corporate Office (Procurement & Supply Chain Management)

B.O.(FTD) No.120/2024 (CE(SCM)/ XH-AEE4/2023-24/ACSR conductor/SD/MSME)

Dated:26-03-2024

- Read :
1. Proceedings of the Purchase Committee No.SCM/TA.41/PC/15-16 dated 19.05.2015.
 2. G.O. (Rt) No.54/2018/SPD dated 19.12.2018.
 3. Proceedings of the Purchase Committee No.SCM/TA.41/PC/ 2019-20/5922 dated 11.11.2019.
 4. B.O.(FTD) No.963/2019 (XH-AEEIV/2019-20/ACSR Conductor) dated 28.12.2019.
 5. G.O. (Rt) No.39/Power dated 07.03.2020.
 6. G.O. (Rt) No.5382/2020/Fin dated 18.09.2020.
 7. Note No.AFO/SCM/23-24/Permanent SD/4278 dated 06.11.2023 of the Assistant Finance Officer, SCM.
 8. Note No.CE(SCM)/XH-AEE4/2023-24/ACSR conductor/SD/MSME/I/13450/2023 dated 13.12.2023 of Chief Engineer (SCM) (Agenda No.32-03/2024).

ORDER

KSEBL had been procuring ACSR Raccoon/ Rabbit/ Weasel Conductors in compliance with the prevailing Government orders from M/s.Traco Cable Company Limited and Kerala based MSMEs (SSI Units) registered under Kerala Store Purchase Department through e-tender. As per the purchase order conditions, the successful bidder shall remit a sum equivalent to 5% (five) of the value of the contract towards Security Deposit to KSEBL before execution of agreement and 5% Performance Guarantee as Performance Security for 100% payment.

All the Kerala based MSMEs are genuine manufacturers and regular suppliers of ACSR Conductor to KSEBL for quite a long period. As requested by the State MSMEs, the Purchase Committee, as per proceedings read as 1st above decided the following:

- a) To obtain a Permanent Security Deposit amounting to Rs.15 Lakh from each SSI units towards Security Deposit instead of separate Bank Guarantee / Security amount against each purchase order. They shall furnish an undertaking stating that any liability will be recovered from the future bills of the firm in case of purchase of ACSR conductors.
- b) Also decided to release all Bank Guarantees furnished earlier against Security Deposit, once the Permanent Security Deposit is furnished by each firm.

Accordingly all the SSI units furnished Permanent Security Deposit of Rs.15 Lakh to KSEBL during 2015 and KSEBL released all Bank Guarantees towards Security Deposit furnished by the firms towards previous purchase orders.

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During the period from 2018 to 2021, KSEBL had procured ACSR conductors without tender formalities at 55:45 proportion respectively at the discovered rate as per the tender invited during 2018 with IEEMA price variation and giving 10% price preference as per G.Os read as 2nd & 5th above.

In order to ensure sufficient amount as security towards the performance/ quality of the materials supplied, the Purchase Committee, as per proceedings read as 3rd above decided that the Security Deposit to be collected from MSMEs/ SSIs may be increased to Rs.50 Lakh from the existing level of Rs.15 Lakh due to increase in volume and value of the purchase orders. Also all MSMEs/ SSIs shall produce certificate from Directorate of Industries and Commerce (DIC) to claim exemption from Performance Guarantee as envisaged in Stores Purchase Manual.

Considering the request of MSMEs, KSEBL as per B.O. read as 4th above accorded sanction to limit the Permanent Security Deposit amount to Rs.25 Lakh subject to condition that the balance Security Deposit of Rs.25 Lakh shall be recovered from the supply bills of the purchase orders issued during 2019 @ 5% of the invoice value. It was further resolved that once Rs.25 Lakh is collected from the bills, no further recovery shall be effected and that the recovered amount of Rs.25 Lakh shall be released to the suppliers after one year from the date of acceptance of last consignment. In compliance with the Board order, Rs.25 Lakh was released to each of the 10 MSME units and at present a Permanent Security Deposit of Rs. 25 Lakh/MSME is available with KSEBL.

Meanwhile Government of Kerala issued new MSME order read as 6th above, granting 50% purchase preference and 15% price preference to products procured from local MSMEs/State PSUs. This order supersedes all previous orders issued on procurement from MSMEs within the State as mentioned in that order itself. Accordingly as per the new MSME order, ACSR conductors are procured in KSEBL by inviting open tender and hence the purchase order quantity varies among the State MSMEs based on the quoted circles and the Permanent Security Deposit of Rs.25 Lakh/ MSME has become insufficient due to increase in the volume and value of purchase orders in the case of certain MSME firms.

Accordingly the respective State MSMEs were intimated to remit the additional Security Deposit amount; but the firms were not willing to furnish the same. In reply they have requested not to increase the Security Deposit, citing that the quantum of Permanent Security Deposit furnished has no bearing on the percentage of Security to be provided for single orders. Also stated that they have provided an interest free Security Deposit since 2015 and no liabilities have ever been recovered from this Security Deposit till date.

During previous years ie upto 2021, since ACSR conductors were procured only from M/s. Traco Cable Company Ltd.(State PSU) and local MSMEs at definite proportions in compliance with the then prevailing Government orders and the order quantity equally divided among the MSME firms, these firms were allowed to furnish equal amount towards Permanent Security Deposit. ACSR Raccoon & Rabbit Conductors are currently procured in KSEBL by inviting open tender as per the prevailing MSME Government order read as 6th above. Purchase Orders are placed with the qualified bidders based on their quoted circles for Raccoon/ Rabbit and the volume and value of purchase orders varies among the local MSMEs and hence the applicable Security Deposit also varies.

The matter was placed before the Full Time Directors as per note read as 8th above with recommendation that in future purchase orders the State MSMEs may be directed to furnish the applicable Security Deposit against each purchase order. Also the Permanent Security Deposit of Rs.25 Lakh/ MSME remitted with KSEBL by the 10 nos. State MSMEs may be released to the firms on completion of Guarantee period of the binding purchase orders and after collecting NLC from the Consignees.

Having examined the matter in detail, the Full Time Directors through circulation, resolved to accord sanction for the following:-

